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SENSITIVE  
SIPDIS

COMMERCE FOR THOFFMAN, STATE PASS TO USTR FOR JBUNTIN

E.O. 12958: N/A  
TAGS: [PREL](#) [ECON](#) [ETRD](#) [EFIN](#) [MU](#)  
SUBJECT: OMAN HAILS FREE TRADE AGREEMENT IMPLEMENTATION

¶1. (U) The U.S.-Oman Free Trade Agreement (FTA) officially entered into force on January 1, 2009 after an exchange of diplomatic notes in Washington, D.C. and the signing of a corresponding proclamation by the President. Ratified in 2006, the agreement has been hailed by Oman's public and private sectors as a "first-of-a-kind trade agreement with a western economic power-house" and a positive step forward in expanding the Sultanate's relationship with the U.S. While trade between the two countries has significantly increased over the past few years thanks, in part, to economic liberalization and diversification in Oman, the agreement is expected to provide even greater opportunities for U.S. companies involved in the automobile, electronic, industrial, and IT-related sectors, and should also increase trade in services.

¶2. (SBU) Local press coverage of the FTA's implementation has been extensive and uniformly positive. In addition, the print media presented in full or excerpts from USTR Schwab's and the Ambassador's statements commending Oman on the implementation. The Embassy received a few complaints by private companies during the agreement's inaugural weekend that Oman had not yet revised its tariff schedule and customs processing to reflect the FTA. Oman's Ministry of Commerce and Industry has assured Econoff, however, that it will refund any customs duties improperly charged to businesses and that it is working with all relevant government agencies to ensure that new procedures are quickly implemented to reflect the agreement's entry into force.

¶3. (SBU) Comment: Omani government officials are relieved to finally deliver the FTA to the local business community, fulfilling the promise they made more than three years ago to conclude such a landmark deal. Despite the difficult and long process of negotiating the agreement with the U.S., Omani officials seem energized and ready to educate Oman's business community on how it can take advantage of and benefit from the FTA. In addition, the Omani Government is open to any support offered by the U.S. on marketing the FTA. Post accordingly will develop proposals to help promote the FTA for consideration by Washington and contact relevant posts regarding their experiences in implementing an FTA.  
End Comment.  
GRAPPO